

Salem Co-operative Bank

3 South Broadway
Salem, NH 03079

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October 23, 2001

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington DC 20552

Attention: Docket No. 2001-49

Dear Sir or Madam:

Thank you for the opportunity to comment on the Advance Notice of Proposed Rule Making regarding the Community Reinvestment Act.

I am the Compliance Administrator for Salem Co-operative Bank. Our bank is 170 million and has 27 employees. We are located in one office in Salem, New Hampshire. The town is a border town with the Commonwealth of Massachusetts.

My comments are as follows;

Definition of "small institutions"

While the Small Institution Evaluation definition clearly fits our institution, I feel that \$250 million cap for small institutions is not realistic and should be set at a higher level. As a bank with \$185 million in assets, the cap is not too far in our future, yet we are a single office community bank and would function as one if the \$250 million cap were exceeded. In our demographic area, the gap between small institutions and large banks in our region such as Fleet Bank, Sovereign Bank, and BankNorth Group is enormous. A greater asset size is therefore not an accurate method of determining the cut-off between small and large banks. A measurement in terms of population density and the size of assessment areas would be more relevant. It is my opinion that the boundary for small vs. large should be \$1 billion.

Small bank performance standards

The Small Institution Evaluation in present form provides an accurate portrayal of involvement and commitment to the needs of our community; the barrier to obtaining an outstanding rating by virtue of qualified CRA investments needs redefining. In our assessment area, the opportunities for quantitative investment in CRA projects do not exist. The value of real estate in our assessment area has far surpassed the feasibility of low-income housing or subsidized housing. To reach out to regional CRA investments defeats the intent of the Community Reinvestment Act. Our responsibility under CRA is to serve the needs of our community, not nationally nor even statewide.

Sincerely,

Allan D. Virr, CRCM
Compliance Administrator